

ADMINISTRATIVE - INTERNAL USE ONLY

*1st time
memo
rewritten*

NFAC #2372/79

8 May 1979

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment

FROM : Associate Coordinator for Academic Relations, NFAC

SUBJECT : Conventional Arms Transfer Problems: Need for
More Research

1. Action Requested: Approval of this proposal to schedule a discussion/dinner on the above subject. The date of Thursday, 14 June, has been set aside on your calendar for this purpose.

2. Background: Although some research effort has been done in support of President Carter's conventional arms restraint policy, very few additional intelligence resources have been devoted to analyzing the broad range of problems involved in conventional arms transfer issues. Since 1973, conventional arms sales to the Less Developed Countries (LDCs) alone have tripled, averaging over \$20 billion annually over the last five years. The Intelligence Community has traditionally monitored the quantitative flow of Communist arms transfers to LDCs and published their findings in both classified and unclassified publications. In order to permit comparisons, a similar, though smaller effort has been underway for several years on Western arms transfers to LDCs.

3. Over the past year, there has been a growing demand for a much wider range of information on arms transfer issues, and for a more analytic treatment of the subject. In the process, some major intelligence research gaps have become evident. The principal gaps are: (a) intra-NATO arms transfers and associated problems (standardization, interoperability and rationalization); (b) compatibility, complementarity and competitiveness of West European and US defense industries (possibilities for co-production); and (c) NATO defense budgeting. Other areas that have not been followed on a continuing basis are: defense production in LDCs and the transfer of

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production technology to these countries and the political-economic-military consequences (benefits and costs) of the transfer of military equipment and expertise. Transfer of military equipment within the Soviet Bloc also is an important area that has never been fully monitored but which is critical to our assessment of Warsaw Pact capabilities.

4. US policymakers are already faced with troublesome questions about the role and viability of NATO defense industries as well as arms and conventional arms technology transfers to LDCs. These questions are likely to become more insistent in the next 12-18 months. To our knowledge, there is no organized research being done on these issues anywhere else within the US Government. The Intelligence Community will almost certainly be looked to for answers. Unless we undertake a serious analytic effort shortly, we will not be in a position to provide much help in an area where we probably have a comparative advantage. This is the issue that we propose for a dinner discussion.

5. The following are the participants proposed for that event:

Outside Guests

David McGiffert, Assistant Secretary, International Security Affairs, Department of Defense

William J. Perry, Under Secretary of Defense for Research and Engineering, Department of Defense

Lt. Gen. Ernest Graves, Deputy Assistant Secretary (ISA) and Director, Defense Security Assistance Agency, Department of Defense

Barry Blechman, Assistant Director, US Arms Control and Disarmament Agency, Weapons Evaluation and Control Bureau

✓ Lucy W. Benson, Under Secretary for Security Assistance, Science and Technology, State Department

✓ Reggie Bartholemew, National Security Council Staff

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Professor Geoffrey Kemp, Tufts University

Professor Ed Kolodziej, University of Illinois

Professor Paul Hammond, University of Pittsburgh

Professor Bob Harkavy, Pennsylvania State University

Dr. K. Wayne Smith, Coopers & Lybrand

Inside Participants

Admiral Turner

Robert Bowie, D/NFAC

John Hicks, DD/NFAC

AR

A/CAR

OER

NIO/PE

Maurice Ernst, D/OER

Rae Huffstutler, D/OSR

At my request, [] is holding Thursday evening, 14 June, for this discussion/dinner if the subject meets with your approval.

6. Recommendation: That you approve the subject and date of the proposed discussion/dinner so that planning may proceed. Please indicate your approval or disapproval of the proposed guests.

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APPROVED:

Director of Central Intelligence

DISAPPROVED:

Director of Central Intelligence

DATE: _____

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